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Sustainable Production Energy Trust

Equal Weight Plus Fund

CGF Resource 2006 Flow-Through Limited Partnership

Financial Preferred Securities Corporation

SUSTAINABLE PRODUCTION ENERGY TRUST

ANNUAL REPORT 2007

SUSTAINABLE PRODUCTION ENERGY TRUST

Sustainable Production Energy Trust (the “Fund” or “Sustainable”) is a closed-end investment trust which became listed on the Toronto Stock Exchange upon closing of its initial public offering on October 17, 2005. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the Administrator with the prior approval of the unitholders of the fund by special resolution passed at a meeting called for such purpose.

During 2007, Sustainable paid total cash distributions of \$0.90 per unit based on monthly distributions of \$0.075 per unit which was consistent with distributions paid for 2006.

INVESTMENT HIGHLIGHTS:

	2007	2006	2005
Net Assets per Unit ⁽¹⁾	\$ 5.12	\$ 6.43	\$ 9.64
Market Price per Unit ⁽¹⁾	\$ 4.80	\$ 6.00	\$ 9.70
Trading Premium (Discount)	(6.3%)	(6.7%)	0.6%
Cash Distributions per Unit ⁽²⁾	\$ 0.90	\$ 0.90	\$ 0.15
12 Month Trailing Yield ⁽³⁾	18.8%	15.0%	n/a
Market Capitalization (\$ millions)	\$ 34.8	\$ 49.4	\$ 82.1

⁽¹⁾ Net assets and market price per unit are based on year end values.

⁽²⁾ First monthly distribution had a record date of November 30, 2005 and was paid December 15, 2005.

⁽³⁾ Trailing yield is based on the last 12 months cash distributions declared expressed as a percentage of market price.

MANAGEMENT REPORT OF FUND PERFORMANCE

(March 20, 2008)

This annual report for the years ended December 31, 2007 and 2006 includes both the management report of fund performance, containing financial highlights, and the audited annual financial statements of Sustainable Production Energy Trust.

Unitholders may contact us by calling toll-free 1-877-261-9674 or by visiting our website at www.citadelfunds.com to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

Sustainable’s investment objectives are to provide investors with monthly cash distributions and to maintain the production and reserves underlying each trust unit over time by combining a portfolio of oil and gas trusts with a portfolio of oil and gas corporations. The Fund, through its investment manager, will seek to achieve these investment objectives by actively managing a diversified portfolio of oil and gas trusts and corporations.

RISK

There are a number of risks associated with an investment in Sustainable Production Energy Trust. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the

Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result reduce distributions to its unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks.

INCOME TRUST TAX

Bill C-52, an Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, was given Royal Assent on June 22, 2007 thereby passing into law the Government's imposition of a tax on income trusts starting in 2011. Since the announcement of the income trust tax in October 2006, takeover activity in the trust sector has been significant. We expect that a significant level of takeover activity will persist in the trust sector during the next few years as trusts consider tax mitigating restructuring alternatives leading up to 2011. The tax on income trusts does not directly impact Sustainable, however the tax will impact many of the holdings within its portfolio.

RESULTS OF OPERATIONS

The overall income trust sector experienced much higher redemptions in 2007 relative to 2006 despite having produced a positive total return of 6.6% in 2007 compared to negative 2.8% in 2006. In addition to the negative funds flow into the trust sector, weakness in the energy sector along with confirmation of the new tax on trust distributions commencing in 2011 weighed on energy trust valuations. Despite record high oil prices in 2007, energy related trusts were hampered by the rising \$Cdn and escalating costs as well as soft natural gas prices and the prospect of Alberta royalty rate increases.

As a result of these negative market conditions coupled with the Fund's mandatory unit repurchases and annual redemption, Sustainable's net assets declined from \$53.0 million at December 31, 2006 to \$37.1 million at December 31, 2007. On January 2, 2007, unitholders exercised their redemption privilege and redeemed 757,067 units at a redemption price of \$6.43 per unit for a total cost of \$4.9 million. On a per unit basis, the Fund's net assets also decreased from \$6.43 per unit at December 31, 2006 to \$5.12 per unit at December 31, 2007.

The Fund's market price also declined over the year, from \$6.00 per unit at December 31, 2006 to \$4.80 per unit at the end of 2007. Sustainable's market price decline plus monthly cash distributions produced a negative 5.8% total return for 2007, while the Fund generated a negative 6.2% total return on a net assets basis. By comparison, the S&P/TSX Energy Trust Index returned a positive 3.3% over the same period.

Total revenue for 2007 was \$5.0 million compared to \$7.3 million in 2006. This decline in revenue was attributable to a reduction in royalty trust distributions and the smaller asset base resulting from the annual redemption. Administrative and investment manager fees, which are paid in units and calculated in reference to the Fund's net asset value, fell to \$0.5 million for 2007 compared to \$0.8 million for 2006 as the average net asset value fell year over year. Trailer fees, which are also calculated in reference to the Fund's net asset value, totaled \$0.2 million for 2007 compared to \$0.4 million for 2006. The Fund utilized varying levels of leverage throughout the year, with loan interest of \$0.3 million in 2007 compared to \$0.4 million in 2006. The Fund reduced its leverage in the latter part of the year in anticipation of the annual January redemption. At December 31, 2007, the Fund had no leverage, down from \$9.0 million at the end of 2006. General and administrative costs, including portfolio transaction costs and other expenses, totaled \$0.4 million for 2007 compared to \$0.3 million in 2006. The reason for the increase relates to the inclusion of portfolio transaction costs of \$0.16 million in 2007 which are not reflected in the 2006 figures due to the implementation of the new accounting standard on financial instruments. After total expenses of \$1.3 million in 2007, the Fund generated net investment income of \$3.7 million or \$0.50 per unit in 2007 compared to \$5.5 million or \$0.66 per unit in 2006 due primarily to higher revenue year over year.

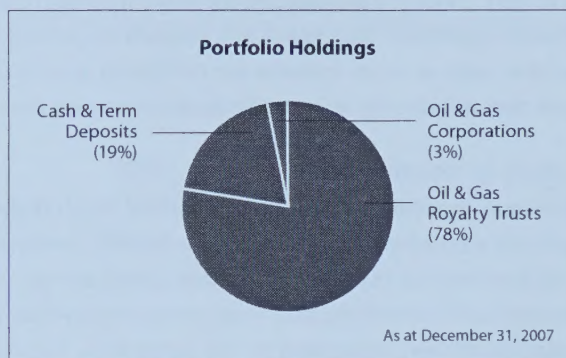
The Fund realized significant losses of \$8.5 million on the sale of investments as poor market valuations prevailed and turnover remained high throughout 2007 compared to realized losses of \$6.7 million in 2006. However, the Fund experienced unrealized gains of \$2.0 million in 2007 compared to unrealized losses of \$18.2 million in 2006.

As a result, the Fund generated total results of operations of negative \$2.8 million or negative \$0.38 per unit in 2007 compared to results of operations of negative \$19.4 million or negative \$2.32 per unit in 2006.

During 2007, Sustainable paid monthly cash distributions of \$0.075 per unit to unitholders for a total of \$6.6 million or \$0.90 per unit compared to \$7.5 million or \$0.90 per unit in 2006.

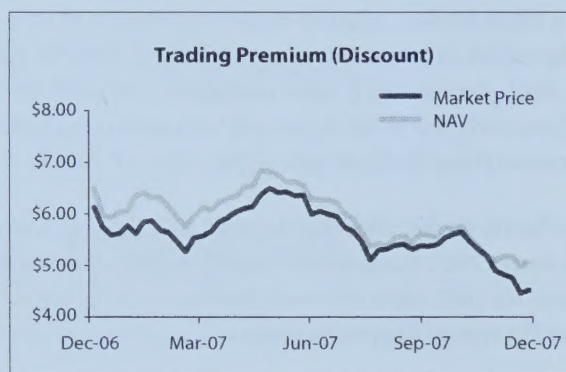
Sustainable uses leverage as part of its investment strategy to acquire additional portfolio securities and enhance yield. The Fund maintains a 364 day revolving credit facility with a maximum limit of \$20 million. The facility bears interest at either the bank's prime rate or bankers' acceptance rate plus a fixed percentage. During 2007, the Fund's minimum and maximum borrowings were nil and \$9.0 million respectively.

The Fund's portfolio mix has remained materially consistent despite significant dispositions made in December in order to fund the annual January redemption. As a result of these dispositions, the Fund increased its cash position to 18.5% at December 31, 2007 from 0.7% at December 31, 2006.



TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

For 2007, Sustainable's unit price traded at an average discount to its net asset value of 5.2% compared to an average discount of 3.6% for 2006. With this discount, the Fund was required to repurchase 333,500 units for cancellation under its mandatory repurchase program at an average cost of \$5.61 per unit (2006 – 313,900 units at an average cost of \$7.92 per unit). Under its mandatory repurchase program, the Fund is obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%, subject to 1.25% per quarter of the units outstanding.



RECENT DEVELOPMENTS

Unitholders have a right to redeem their units on an annual basis in January of each year for net asset value less applicable associated costs. On January 2, 2008, unitholders exercised their redemption privilege and redeemed a total of 1,765,942 units for a total redemption amount of \$8.9 million or \$5.04 per unit.

Investment Fund Governance Legislation

During 2006, Canadian securities regulators passed legislation requiring independent oversight over the management of Canadian investment funds. National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107") came into effect on November 1, 2006. Sustainable's three person Independent Review Committee ("IRC") was formed on April 1, 2007 and became fully operational on November 1, 2007. The main responsibility of the IRC is to govern over perceived conflicts of interest between investment funds, their managers and related third parties. Policies and procedures were adopted on November 1, 2007 and the Fund was in full compliance with NI 81-107 at that time.

New Accounting Standards

The Canadian Institute of Chartered Accountants issued Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments - Disclosure and Presentation", Section 3865 "Hedges" and Section 1530 "Comprehensive Income" which became effective for financial statements relating to fiscal years

beginning on or after October 1, 2006. These sections prescribe the criteria for recognition and presentation of financial instruments on the statement of net assets and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized. The Fund is required to designate its financial instruments into one of the following five categories: (i) held for trading, (ii) available for sale, (iii) held to maturity, (iv) loans and receivables, or (v) other financial liabilities.

Section 3855 further establishes a standard for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short securities. Prior to the implementation of this new standard, the fair value of financial instruments traded in an active market was generally based on the closing price for the day. Section 3855 also requires that portfolio transaction costs incurred in the purchase and sale of investments be charged to net income in the period incurred. Prior to this new standard these costs were added to the cost of the investments purchased or deducted from the proceeds of sale. Section 3855 has been applied prospectively without restatement of prior periods. An adjustment has been made to the opening net assets in the Statement of Changes in Net Assets in order to reflect the effect on investments held at December 31, 2006, of following section 3855 with respect to recording the fair value of investments at bid prices.

All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net income and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost. All derivative financial instruments, including derivative features embedded in financial instruments or other contracts which are not considered closely related to the host financial instrument or contract, are generally classified as held for trading and therefore must be measured at fair value with changes in fair value recorded in net income. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net income. Upon adoption on January 1, 2007, the Fund was not party to any derivative contracts. Portfolio investments and loan payable were classified as held for trading and all other financial assets were classified as loans or receivables and are accounted for on an amortized cost basis. All remaining financial liabilities were classified as other financial liabilities.

As outlined in National Instrument 81-106 Section 14.2, the net asset value ("NAV") of an investment fund is to be calculated in accordance with Canadian GAAP. The Canadian Securities Administrators ("CSA") granted temporary relief to investment funds from complying with Section 3855 for the purpose of calculating and reporting of NAV (other than for financial reporting purposes) to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements. This relief period has been extended until September 30, 2008. The CSA has proposed amendments to NI 81-106 that will permit funds to have two different net asset values; one for financial statements which will be prepared in accordance with Canadian GAAP (referred to as "net assets" or "net assets per unit"); and another for all other purposes (referred to as "net asset value" or "net asset value per unit"). Until that time, the Fund intends to calculate NAV under the old method, specifically using closing rather than bid prices, for all purposes other than financial statements. This Management Report of Fund Performance has been prepared based on the proposed amendments and the December 31, 2007 annual financial statements have been presented in accordance with the new accounting rules.

Section 1530, "Comprehensive Income", introduces a new financial statement "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including changes in the fair value of the effective portion of cash flow hedging instruments. As required, prior periods have not been restated as a result of implementing Section 1530.

Future Accounting Pronouncements

The CICA issued three new accounting standards in 2007, section 1535, "Capital Disclosures", section 3862, "Financial Instruments – Disclosures", and section 3863, "Financial Instruments – Presentation". These standards become effective for the Fund in 2008. These new sections will place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Fund manages those risks.

Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose of this section will be to allow users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Sections 3862 and 3863 will replace section 3861, "Financial Instruments – Disclosure and Presentation", which will revise and enhance the disclosure requirements and will carry forward unchanged its presentation requirements.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that we will derive therefrom. The forward looking statements contained in this annual report are expressly qualified by this cautionary statement. Except as may be required by applicable securities law, we undertake no obligation to publicly update or revise any forward looking statements.

RELATED PARTY TRANSACTIONS

Sustainable PE Management Inc. is the administrator of Sustainable, which is a member of the Citadel Group of Funds. CIFSG Funds Inc. provides administrative services to the administrators of the Citadel Group of Funds on a cost recovery basis. All non-fund specific costs are allocated among the Citadel Group of Funds on a relative net asset value basis.

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units monthly in arrears. The administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements for each year since inception to December 31, 2007.

Net Assets per Unit ("NAPU")

	2007	2006	2005 ⁽¹⁾
NAPU, beginning of period	\$ 6.43	\$ 9.64	\$ 9.41
Increase (decrease) from operations:			
Total revenue	0.68	0.87	0.23
Total expenses	(0.18)	(0.21)	(0.04)
Realized gains (losses)	(1.15)	(0.80)	0.01
Unrealized gains (losses)	0.27	(2.18)	0.15
Total increase (decrease) from operations	(0.38)	(2.32)	0.35
Distributions:			
From net investment income	0.57	0.76	0.15
Return of capital	0.33	0.14	–
Total cash distributions	0.90	0.90	0.15
NAPU, end of period	\$ 5.12	\$ 6.43	\$ 9.64

⁽¹⁾ The Fund commenced operations on October 17, 2005.

NAPU and cash distributions per unit are based on the actual number of units outstanding at the time. The December 31, 2007 NAPU is based on bid prices and all prior NAPU are based on closing prices. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of NAPU since it does not reflect unitholder transactions as shown on the Statement of Changes in Net Assets and accordingly columns may not add.

Ratios and Supplemental Data

	2007	2006	2005
Net assets (\$ 000's)	\$ 37,117	\$ 52,951	\$ 81,535
Number of units outstanding	7,251,978	8,240,155	8,461,311
Management expense ratio	2.69%	2.52%	1.91%
Portfolio turnover ratio	31.92%	86.89%	14.82%
Trading expense ratio	0.38%	0.50%	1.64%
Closing market price	\$ 4.80	\$ 6.00	\$ 9.70

Management expense ratio is based on total expenses (excluding portfolio transaction costs) for the period and is expressed as an annualized percentage of weekly average net assets during the period.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value. The portfolio turnover rate indicates how actively the Fund's investment manager manages the portfolio investments. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the period.

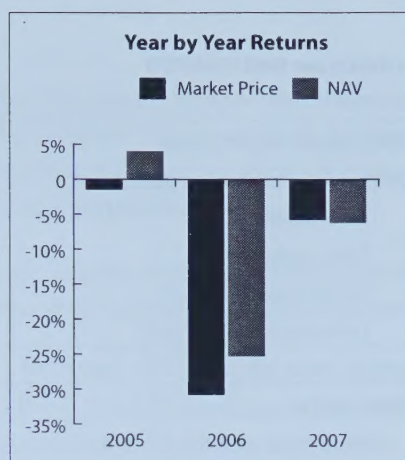
MANAGEMENT FEES

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units monthly in arrears. Galileo Equity Management Inc., as investment manager to the Fund, provides investment management services to the Fund in exchange for a portion of the management fee. These fees represent payment for the administrative and investment management services provided to the Fund.

PAST PERFORMANCE

Sustainable's performance numbers represent the compound total returns over the period from inception in October 2005 to December 31, 2007 (except for returns of less than one year which are compound total returns). Total returns are based upon both the Fund's change in market price and net assets per unit plus the reinvestment of all distributions in additional units of the Fund.

Returns do not take into account sales, redemptions or income taxes payable that would have reduced returns. Past performance of the Fund does not necessarily indicate how it will perform in the future.



ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for Sustainable based on market price and net asset value with comparison to the S&P/TSX Capped Energy Trust Index for the periods indicated to December 31, 2007. The S&P/TSX Capped Energy Trust Index is a total return based on a market cap weighted index of energy Global Industry Classification Standards of the income trust sector. In 2007, Sustainable's net assets return underperformed the index due to its overweight position in royalty trusts and corporations that were more focused on natural gas drilling and production. These natural gas weighted royalty trusts and corporations have been adversely affected by soft natural gas prices and the prospect of Alberta royalty rate increases.

	1 Year	Since inception
Sustainable Production (market price)	(5.77%)	(18.17%)
Sustainable Production (net assets)	(6.21%)	(13.38%)
S&P/TSX Capped Energy Trust Index	3.26%	4.73%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2007

Net Assets: \$37,117,118

Portfolio by Sector	% of Net Assets
Oil & Gas Royalty Trusts	77.8%
Oil & Gas Corporations	3.1%
Trust units repurchased for cancellation	0.1%
Cash and Term Deposits	18.4%
Assets, net of other liabilities	0.6%
Total Net Assets	100.0%

TOP HOLDINGS (as a % of net assets)

Zargon Energy Trust	11.0%	Baytex Energy Trust	7.6%
Fairborne Energy Trust	8.8%	Daylight Resources Trust	7.3%
Progress Energy Trust	8.7%	Paramount Energy Trust	5.5%
NAL Oil & Gas Trust	8.4%	Vermilion Energy Trust	4.6%
Crescent Point Energy Trust	8.3%	Crew Energy Inc.	2.0%
Bonavista Energy Trust	7.6%	Pacific Stratus Energy Ltd.	1.2%

The summary of investment portfolio may change due to ongoing portfolio transactions. Quarterly updates are available at www.citadelfunds.com.

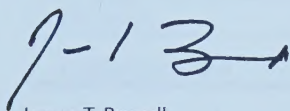
MANAGEMENT'S RESPONSIBILITY STATEMENT

The financial statements of Sustainable Production Energy Trust have been prepared by Sustainable PE Management Inc. ("SPEM") and approved by the Board of Directors of SPEM. SPEM is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

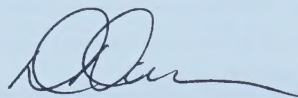
SPEM maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of SPEM is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of the independent directors of the Board.

The Audit Committee on behalf of SPEM and its Board of Directors has appointed the external audit firm of PricewaterhouseCoopers LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.



James T. Bruvall
Chief Executive Officer
Sustainable PE Management Inc.



Darren K. Duncan
Chief Financial Officer
Sustainable PE Management Inc.

March 20, 2008

AUDITORS' REPORT TO UNITHOLDERS

To the Unitholders of Sustainable Production Energy Trust

We have audited the statements of net assets and investments of Sustainable Production Energy Trust as at December 31, 2007 and 2006, and the statements of operations and comprehensive income, changes in net assets and cash flows for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of management of the Fund's Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Fund as at December 31, 2007 and 2006 and the results of its operations, the changes in its net assets and cash flows for the year ended December 31, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.



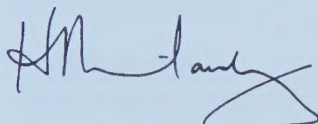
Chartered Accountants
Calgary, Alberta
March 20, 2008

STATEMENT OF NET ASSETS

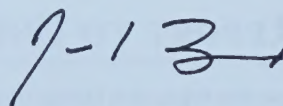
As at December 31	2007	2006
Assets		
Investments, at market	\$ 30,056,645	\$ 60,058,218
Cash and term deposits	6,825,850	415,989
Receivable for investments sold	492,947	1,277,015
Revenue receivable	285,883	581,950
Accounts receivable	–	285,590
Prepaid expenses	49,434	38,589
	37,710,759	62,657,351
Liabilities		
Accounts payable and accrued liabilities	38,248	57,680
Payable for investments purchased	11,495	31,020
Distributions payable	543,898	618,012
Loan payable (note 8)	–	9,000,000
	593,641	9,706,712
Net Assets representing Unitholders' Equity	\$ 37,117,118	\$ 52,950,639
Units outstanding (note 3)	7,251,978	8,240,155
Net Assets per unit	\$ 5.12	\$ 6.43

see accompanying notes

Signed on behalf of the Board,



Harold P. Milavsky
Chairman of the Board



James T. Bruvall
Director and Chief Executive Officer

STATEMENT OF OPERATIONS & COMPREHENSIVE INCOME

For the years ended December 31	2007	2006
Revenue		
Distribution income	\$ 4,953,271	\$ 7,249,996
Interest income	46,740	52,181
	5,000,011	7,302,177
Expenses		
Administrative and investment manager fees (note 4)	512,281	838,456
Loan interest (note 8)	268,508	380,908
Trailer fee (note 5)	168,529	282,972
Portfolio transaction costs (note 9)	162,551	-
Directors' fees	75,590	70,828
General and administration costs	59,310	107,572
Audit fees	23,468	23,670
Trustee fees	18,980	18,189
Reporting costs	16,947	28,468
Legal fees	12,214	24,860
Custodial fees	8,535	12,805
	1,326,913	1,788,728
Net investment income	3,673,098	5,513,449
Net realized gain (loss) on sale of investments (note 6)	(8,456,626)	(6,728,372)
Net change in unrealized gain (loss) on investments	1,969,903	(18,234,515)
Total results of operations and comprehensive income	\$ (2,813,625)	\$ (19,449,438)
Results of operations per unit⁽¹⁾		
Net investment income	\$ 0.50	\$ 0.66
Net realized gain (loss) on sale of investments	(1.15)	(0.80)
Net change in unrealized gain (loss) on investments	0.27	(2.18)
	\$ (0.38)	\$ (2.32)

⁽¹⁾ Based on the weighted average number of units outstanding.

see accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

For the years ended December 31	2007	2006
Net Assets – beginning of year	\$ 52,950,639	\$ 81,534,594
Fair Value Adjustment: (note 2)		
Adjust January 1, 2007 to bid prices	(240,302)	–
Operations:		
Net investment income	3,673,098	5,513,449
Net realized gain (loss) on sale of investments	(8,456,626)	(6,728,372)
Net change in unrealized gain (loss) on investments	1,969,903	(18,234,515)
	(2,813,625)	(19,449,438)
Unitholder Transactions: (note 3)		
Issuance of trust units, net	518,945	849,725
Proceeds from distribution reinvestment plan	58,058	12,360
Repurchase of trust units	(1,870,800)	(2,486,021)
Redemption of trust units	(4,867,941)	–
	(6,161,738)	(1,623,936)
Distributions to Unitholders: (note 7)		
From net investment income	(4,199,521)	(6,362,014)
From capital gains	–	–
Return of capital	(2,418,335)	(1,148,567)
	(6,617,856)	(7,510,581)
Net Assets – end of year	\$ 37,117,118	\$ 52,950,639
Distributions per unit	\$ 0.90	\$ 0.90

see accompanying notes

STATEMENT OF CASH FLOWS

For the years ended December 31	2007	2006
Cash flows from operating activities:		
Net investment income	\$ 3,673,098	\$ 5,513,449
Fees paid in trust units	526,442	848,565
Net change in non-cash working capital	1,294,679	(901,948)
Purchase of investments	(15,491,400)	(78,653,597)
Proceeds from sale of investments	38,765,948	68,284,101
	28,768,767	(4,909,430)
Cash flows from financing activities:		
Proceeds from issuance of trust units, net	13,747	1,023
Proceeds from distribution reinvestment plan	58,058	12,360
Increase (decrease) in loan payable	(9,000,000)	9,000,000
Cash distributions to unitholders	(6,691,970)	(7,510,581)
Repurchase of trust units	(1,870,800)	(2,486,021)
Redemption of trust units	(4,867,941)	–
	(22,357,906)	(983,219)
Net increase (decrease) in cash and term deposits	6,409,861	(5,892,648)
Cash and term deposits, beginning of year	415,989	6,308,637
Cash and term deposits, end of year	\$ 6,825,850	\$ 415,989
Supplementary Information		
Interest paid	\$ 268,508	\$ 380,908

see accompanying notes

STATEMENT OF INVESTMENTS

	December 31, 2007				December 31, 2006			
	Number of Units Held	Cost	Market Value	% of Market	Number of Units Held	Cost	Market Value	% of Market
Oil & Gas Royalty Trusts								
Baytex Energy Trust	150,000	\$ 3,340,960	\$ 2,835,000		225,000	\$ 5,036,483	\$ 5,013,000	
Bonavista Energy Trust	100,000	3,379,310	2,838,000		180,000	6,142,638	5,067,000	
Crescent Point Energy Trust	125,000	2,471,712	3,086,250		300,000	5,932,110	5,280,000	
Daylight Energy Trust	375,000	4,950,735	2,696,250		300,000	4,188,365	3,063,000	
Fairborne Energy Trust	500,000	6,902,841	3,255,000		435,000	6,498,717	4,545,750	
Focus Energy Trust	—	—	—		255,000	5,938,030	4,635,900	
NAL Oil & Gas Trust	270,000	4,679,071	3,118,500		325,000	5,688,581	4,000,750	
Paramount Energy Trust	325,000	5,908,733	2,034,500		250,000	5,291,943	3,100,000	
PennWest Energy Trust	—	—	—		55,000	2,289,621	1,956,350	
Progress Energy Trust	300,000	4,716,260	3,246,000		380,000	6,050,336	4,776,600	
Trilogy Energy Trust	—	—	—		200,000	4,654,399	2,280,000	
Vermilion Energy Trust	50,000	1,560,494	1,703,000		150,000	4,661,954	5,250,000	
Zargon Energy Trust	178,900	5,423,618	4,078,920		175,000	5,453,740	4,338,250	
		43,333,734	28,891,420	78.3%		67,826,917	53,306,600	88.1%
Oil & Gas Corporations								
Bankers Petroleum Ltd.	—	—	—		900,000	1,030,923	585,000	
Crew Energy Inc.	100,000	1,433,191	724,000		150,000	2,583,059	1,845,000	
Cyries Energy Inc.	—	—	—		29,800	405,483	377,268	
Highpine Oil & Gas Ltd.	—	—	—		70,000	1,545,614	1,099,000	
Midnight Oil Exploration Ltd.	—	—	—		200,000	816,479	474,000	
Pacific Stratus Energy Ltd.	35,000	528,194	429,450		—	—	—	
ProEx Energy Ltd.	—	—	—		135,000	2,156,913	1,734,750	
Vero Energy Inc.	—	—	—		100,000	641,305	606,000	
		1,961,385	1,153,450	3.1%		9,179,776	6,721,018	11.1%
Sustainable Production units – repurchased for cancellation	2,500	11,420	11,775	0.1%	5,100	31,020	30,600	0.1%
Investments		45,306,539	30,056,645	81.5%		77,037,713	60,058,218	99.3%
Cash and Term Deposits		6,825,850	6,825,850	18.5%		415,989	415,989	0.7%
Total		\$ 52,132,389	\$ 36,882,495	100.0%		\$ 77,453,702	\$ 60,474,207	100.0%

All of the oil & gas royalty trusts are trust units, while all of the oil & gas corporations are common shares.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

1. STRUCTURE OF THE FUND

Sustainable Production Energy Trust (the "Fund" or "Sustainable") is a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 29, 2005. The Fund commenced operations upon completion of its initial public offering on October 17, 2005. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the Administrator with the prior approval of the unitholders of the Fund by special resolution passed at a meeting called for such purpose.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and term deposits

Cash consists of cash on hand and short term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are valued at fair value. The fair value of securities which are actively traded are valued at bid price as published on the recognized stock exchange on which the investment is listed or principally traded. Prior to January 1, 2007, investments were generally valued at the closing price. The fair value adjustment from the closing price as at December 31, 2006, to the closing bid price for investments at December 31, 2007, is reflected in the Statement of Changes in Net Assets. Investments not traded on the valuation date are valued at the average of the closing bid and ask prices. Average cost is used to compute realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

(c) Canadian income taxes

The Fund qualified as a unit trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to unitholders, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) New Accounting Standards

The Canadian Institute of Chartered Accountants issued Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments - Disclosure and Presentation", Section 3865 "Hedges" and Section 1530 "Comprehensive Income" which became effective for financial statements relating to fiscal years beginning on or after October 1, 2006. These sections prescribe the criteria for recognition and presentation of financial instruments on the statement of net assets and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized. The Fund is required to designate its financial instruments into one of the following five categories: (i) held for trading, (ii) available for sale, (iii) held to maturity, (iv) loans and receivables, or (v) other financial liabilities.

Section 3855 further establishes a standard for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short securities. Prior to the implementation of this new standard, the fair value of financial instruments traded in an active market was generally based on the closing price for the day. Section 3855 also requires that portfolio transaction costs incurred in the purchase and sale of investments be charged to net income in the period incurred. Prior to this new standard these costs were added to the cost of the invest-

ments purchased or deducted from the proceeds of sale. Section 3855 has been applied prospectively without restatement of prior periods. An adjustment has been made to the opening net assets in the Statement of Changes in Net Assets in order to reflect the effect on investments held at December 31, 2006, of following section 3855 with respect to recording the fair value of investments at bid prices.

All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net income and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost. All derivative financial instruments, including derivative features embedded in financial instruments or other contracts which are not considered closely related to the host financial instrument or contract, are generally classified as held for trading and therefore must be measured at fair value with changes in fair value recorded in net income. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net income. Upon adoption on January 1, 2007, the Fund was not party to any derivative contracts. Portfolio investments and loan payable were classified as held for trading and all other financial assets were classified as loans or receivables and are accounted for on an amortized cost basis. All remaining financial liabilities were classified as other financial liabilities.

Section 1530, "Comprehensive Income", introduces a new financial statement "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including changes in the fair value of the effective portion of cash flow hedging instruments. As required, prior periods have not been restated as a result of implementing Section 1530.

The fair values of the Fund's financial instruments which are comprised of cash and term deposits, revenue receivable, accounts receivable, receivable for investments sold, prepaid expenses, investments, accounts payable and accrued liabilities, payable for investments purchased, distributions payable and loan payable approximate their carrying amount due to the short-term maturity of these instruments.

(f) Future Accounting Pronouncements

The CICA issued three new accounting standards in 2007, section 1535, "Capital Disclosures", section 3862, "Financial Instruments – Disclosures", and section 3863, "Financial Instruments – Presentation". These standards become effective for the Fund in 2008. These new sections will place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Fund manages those risks.

Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose of this section will be to allow users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Sections 3862 and 3863 will replace section 3861, "Financial Instruments – Disclosure and Presentation", which will revise and enhance the disclosure requirements and will carry forward unchanged its presentation requirements.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

Issued and outstanding	December 31, 2007		December 31, 2006	
	Number	Amount	Number	Amount
Trust units – beginning of year	8,240,155	\$ 78,222,370	8,461,311	\$ 79,846,306
Issued for cash:				
Agents' fees and issue costs	–	–	–	13,383
Issued for services (note 4)	91,957	518,945	90,690	836,342
Issued under DRIP	10,433	58,058	2,054	12,360
Repurchases of trust units	(333,500)	(1,870,800)	(313,900)	(2,486,021)
Redemptions of trust units	(757,067)	(4,867,941)	–	–
Trust units – end of year	7,251,978	\$ 72,060,632	8,240,155	\$ 78,222,370

The weighted average number of units outstanding for the year ended December 31, 2007 was 7,373,120 units (2006 – 8,362,223 units).

The Fund has a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per unit of greater than 5% are repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of units outstanding at the beginning of each such quarter. For the year ended December 31, 2007, 333,500 trust units were required to be repurchased under this program at an average cost of \$5.61 per unit (2006 – 313,900 units at an average cost of \$7.92 per unit).

Unitholders of Sustainable can acquire additional units by participating in the Distribution Reinvestment Plan ("DRIP"). The DRIP enables unitholders to reinvest their monthly distributions in additional units of the Fund at the 5 day weighted average market price of the Fund's units. For the year ended December 31, 2007, a total of 10,433 units were issued under the DRIP (2006 – 2,054 units).

Unitholders have the right to redeem their units on an annual basis in January of each year, commencing January 2007. The redemption value is net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount. In January 2007, a total of 757,067 trust units were redeemed for a total of \$4.9 million or \$6.43 per unit.

4. ADMINISTRATIVE AND INVESTMENT MANAGER FEES / DIRECTORS' FEES

Sustainable PE Management Inc. ("SPEM") is the administrator of the Fund and therefore a related party to the Fund. Galileo Equity Management Inc. is the investment manager of the Fund. Pursuant to the administrative services and investment management agreements, total annual administrative and investment manager fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units monthly in arrears based on the average daily closing price. For the year ended December 31, 2007, the Fund issued 85,788 trust units and recorded an expense of \$512,281 in respect of the administrative and investment management fees earned during the period (2006 – 84,359 units and an expense of \$838,456). The administrative services agreement also provides for the reimbursement of certain expenses incurred by the administrator during the performance of its duties. As at December 31, 2007, included in accounts payable were amounts owed to SPEM of \$1,987 (2006 – \$285,590 in accounts receivable).

Directors of SPEM received a total of 6,169 trust units plus cash fees of \$40,586 for a total value of \$62,500 in October 2007 (October 2006 – 6,331 trust units for a value of \$62,500) as payment for their annual retainers.

5. TRAILER FEE

Sustainable pays a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by unitholders in accounts with investment dealers. For the year ended December 31, 2007, the Fund recorded an expense of \$168,529 relating to the trailer fee (2006 - \$282,972).

6. INVESTMENTS

The net realized gain (loss) on the sale of investments was determined as follows:

For the years ended December 31	2007	2006
Proceeds from the sale of securities	\$ 38,765,948	\$ 68,284,101
Less cost of securities sold:		
Investments at cost – beginning of year	77,037,713	73,396,589
Investments purchased during year	15,491,400	78,653,597
Investments at cost – end of year	(45,306,539)	(77,037,713)
Cost of investments disposed of during year	47,222,574	75,012,473
Net realized gain (loss) on sale of investments	\$ (8,456,626)	\$ (6,728,372)

7. CASH DISTRIBUTIONS

The Fund pays out monthly cash distributions based upon cash distributions received by the Fund less estimated expenses. For the year ended December 31, 2007 and 2006, the Fund also distributed a portion of its realized capital gains and/or return of capital.

For the years ended December 31	2007	2006
Net investment income for the year	\$ 3,673,098	\$ 5,513,449
Add fees paid by issuance of units	526,423	848,565
Capital distributed	2,418,335	1,148,567
Cash distributions	\$ 6,617,856	\$ 7,510,581
Cash distributions per unit	\$ 0.90	\$ 0.90

8. LOAN FACILITY

The Fund maintains a revolving credit facility with a Canadian chartered bank to a maximum of \$20 million or 25% of the total assets of the Fund. At December 31, 2007, nil was drawn on the facility (2006 - \$9.0 million). The facility will revolve until March 18, 2009 and for a further 364 days at the option of the bank. Borrowings are collateralized by a general security agreement which provides a first floating charge over the Fund's assets. The facility bears interest at the bank's prime lending rate or at banker's acceptance rates plus stamping fees if advances are made in that form. The maximum borrowings in 2007 totaled \$9.0 million, while the minimum amount drawn was nil.

9. PORTFOLIO TRANSACTION COSTS

For the year ended December 31, 2007, the Fund incurred portfolio transaction costs of \$162,551 (2006 - \$355,509) and they are recorded separately in the Statement of Operations for 2007 only, as per Note 2(e).

10. SUBSEQUENT EVENT

On January 2, 2008, unitholders redeemed a total of 1,765,942 trust units at a redemption value of \$5.04 per unit for a total of \$8.9 million. Unitholders of the Fund have the right to redeem their units on an annual basis in January of each year. The redemption value is the net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount.

CORPORATE INFORMATION

ADMINISTRATORS

Citadel Diversified Management Ltd.
Citadel S1 Management Ltd.
Citadel TEF Management Ltd.
Citadel CPRT Management Ltd.
Citadel Series Management Ltd.
Equity Lift Management Ltd.
N.A. Energy Management Inc.
Stable Yield Management Inc.
Sustainable PE Management Inc.
Equal Weight Management Ltd.
CGF Funds Management Ltd.
CGF Resource FT Funds Management Ltd.
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Toll Free: 1 877 261-9674
Fax: (403) 261-8670
Website: www.citadelfunds.com
Email: info@citadelfunds.com

INVESTMENT MANAGER

**(CTD.un, SDL.un, CHF.un, CRT.un,
SRC.un and CSR.un)**

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Toronto, Ontario M5H 3S5

INVESTMENT MANAGER

(EPF.un, SPU.un and CGF Resource 2006)

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161 Bay Street, Suite 4730
Toronto, Ontario M5J 2S1

INVESTMENT MANAGER

(CPF.un)

Fiera YMG Capital Inc.
1501 McGill College Avenue, Suite 900
Montreal, Quebec H3A 3M8

REBALANCING ADVISOR

(IEP.un, EQW.un and FPR.pr.a)

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Calgary, Alberta T2T 5R6

INDEPENDENT REVIEW COMMITTEE

Stephen Allan – Chairman
John Watson
Duane Keinick

DIRECTORS AND OFFICERS

Harold P. Milavsky - Chairman of the Board
Micheline Bouchard - Director
Doug D. Baldwin - Director
Kent J. MacIntyre - Director
James T. Bruvall - Director and Chief Executive Officer
Darren K. Duncan - Chief Financial Officer
Joseph F. MacDonald - Executive V.P. Sales & Marketing

TRUSTEE

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Calgary, Alberta T2P 3S8

CUSTODIAN

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Calgary, Alberta T2P 5C5

AUDITORS

PricewaterhouseCoopers LLP
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Calgary, Alberta T2P 5L3

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Citadel Diversified Investment Trust units: **CTD.un**
Citadel S-1 Income Trust Fund units: **SDL.un**
Citadel HYTES Fund units: **CHF.un**
Citadel SMaRT Fund units: **CRT.un**
Citadel Premium Income Fund units: **CPF.un**
Series S-1 Income Fund units: **SRC.un**
Income & Equity Index Participation Fund units: **IEP.un**
Energy Plus Income Trust units: **EPF.un**
Citadel Stable S-1 Income Fund units: **CSR.un**
Sustainable Production Energy Trust units: **SPU.un**
Equal Weight Plus Fund units: **EQW.un**
Financial Preferred Securities Corporation shares: **FPR.pr.a**
CGF Resource 2006 Flow-Through Limited Partnership units: not listed



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